

**2005 DRAFTING REQUEST**

**Bill**

Received: **01/23/2005**

Received By: **rchampag**

Wanted: **Today**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Hoadley**

This file may be shown to any legislator: **NO**

Drafter: **rchampag**

May Contact:

Addl. Drafters:

Subject: **State Finance - bud generally  
Employ Pub - retirement**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

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**Pre Topic:**

DOA:.....Hoadley -

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**Topic:**

Lapses and fund transfers relating to WRS unfunded retirement liability debt service

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**Instructions:**

See Attached.

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			State
/1	rchampag 01/23/2005	csicilia 01/23/2005	chaugen 01/23/2005	_____	sbasford 01/24/2005		State
/2	rchampag 01/24/2005	jdyer 01/24/2005	chaugen 01/24/2005	_____	mbarman 01/24/2005		

FE Sent For:

<END>

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CJS

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/?	rchampag	1/9 < 1/23 65	CH 1-23	CH 1/23 56			

FE Sent For:

<END>

## Champagne, Rick

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**From:** Hoadley, Frank  
**Sent:** Friday, January 21, 2005 12:51 PM  
**To:** Champagne, Rick  
**Subject:** POB Split Draft Markup.pdf

Rick -

We need the following stat and non-stat language amended for inclusion in the budget. Al Runde may have talked to you about this same subject. We both view this as a necessary fiscal detail.

Frank



POB Split Draft  
Markup.pdf

institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business.

(c) Personal representatives, guardians, trustees, and other fiduciaries.

(10) MORAL OBLIGATION PLEDGE. Recognizing its moral obligation to do so, the legislature expresses its expectation and aspiration that it shall make timely appropriations from moneys in the general fund that are sufficient to pay the principal and interest due with respect to any appropriation obligations in any year.

SECTION 182d. 16.529 of the statutes is created to read:

16.529 Lapses and fund transfers relating to unfunded retirement liability debt service. (1) DEFINITIONS. The definitions in s. 20.001 are applicable in this section, except that "state agency" does not include the department of employee trust funds or the investment board.

(2) LAPSES AND TRANSFERS REQUIRED. <sup>shall</sup> If obligations are issued under s. 16.526 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall require the secretary during the fiscal biennium to which the executive budget bill relates to lapse to the general fund from each appropriation of program revenues, program revenues-service, and federal revenues and to lapse to the applicable fund from each appropriation of segregated fund revenues, segregated fund revenues-service, and segregated federal revenues and subsequently transfer to the general fund an amount equal to that portion of the total amount of principal and interest to be paid on the obligations during the succeeding fiscal biennium that is allocable to the appropriation, as determined under sub. (3). The secretary shall ensure that each state agency includes in the program and financial information forwarded under s. 16.42 (1) an itemization of each amount that is required to be, ~~lapsed, or~~ lapsed and transferred, under this subsection.

(3) DETERMINATION OF ALLOCATED AMOUNT. The secretary shall determine the amount of the allocations required under sub. (2) as follows:

(a) The secretary shall first compute the total amount <sup>of retirement</sup> ~~that would have been expended from all appropriations, had obligations under s. 16.526 or 16.527 not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during the fiscal biennium during which the obligations are issued.~~ <sub>current</sub>

(b) The secretary shall then calculate the percentage of the total computed under par. (a) that is allocable to each appropriation of program revenues, program revenues-service, segregated fund revenues, segregated fund revenues-service, federal revenues, and segregated federal revenues from which moneys would have been expended under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 had the obligations not been issued. The percentage shall be based upon the amount

~~that would have been required to be expended from the appropriation, had the obligations not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during the fiscal biennium during which the obligations are issued.~~

(c) For each appropriation identified under par. (b), the secretary shall then apply the percentage calculated under par. (b) to the total amount of principal and interest to be paid during the succeeding fiscal biennium on obligations issued under ss. 16.526 and 16.527. This amount is the portion of the total amount of principal and interest paid on the obligations during that fiscal biennium that is allocable to each appropriation.

SECTION 183. 16.53 (1) (d) 1. of the statutes is amended to read:

16.53 (1) (d) 1. The secretary, with the approval of the joint committee on employment relations, shall fix the time, ~~except as provided in ss. 106.21 (9) (c) and s. 106.215 (10) (e),~~ and frequency for payment of salaries due elective and appointive officers and employees of the state. As determined under this subdivision, the salaries shall be paid either monthly, semimonthly or for each 2-week period.

SECTION 184. 16.53 (5) of the statutes is amended to read:

16.53 (5) WARRANTS; WHAT TO SPECIFY. The secretary shall draw a warrant on the state treasurer treasury payable to the claimant for the amount allowed by the secretary upon every claim audited under sub. (1), except as authorized in s. 16.52 (7), 20.920, or 20.929, specifying from what fund to be paid, the particular law which ~~that~~ authorizes the claim to be paid out of the state treasury, and at the secretary's discretion the post-office address of the payee. ~~The secretary shall not credit the treasurer for any sum of money paid out by the treasurer. No moneys may be paid out of the state treasury under this section otherwise than upon such warrants.~~

SECTION 185. 16.53 (10) (a) of the statutes is amended to read:

16.53 (10) (a) If an emergency arises which requires the department to draw vouchers for payments which will be in excess of available moneys in any state fund, the secretary, in consultation with the state treasurer, and after notifying the joint committee on finance under par. (b), may prorate and establish priority schedules for all payments within each fund, including those payments for which a specific payment date is provided by statute, except as otherwise provided in this paragraph. The secretary shall draw all vouchers according to the preference provided in this paragraph. All direct or indirect payments of principal or interest on state bonds and notes issued under subch. I of ch. 18 have first priority. All direct or indirect payments of principal or interest on state notes issued under subch. III of ch. 18 have 2nd priority. No payment having a 1st or 2nd priority may be prorated or reduced under this subsection. All state

Vetoed  
In Part

eliminated under subdivision 3, of an amount equal to the salary and fringe benefits budgeted for the position for the balance of each applicable fiscal year, and the transfer to the general fund from the appropriate appropriation account of any state agency in which a position funded from a source other than general purpose revenue or federal revenue is eliminated under subdivision 3, of an amount equal to the salary and fringe benefits budgeted for the position for the balance of each applicable fiscal year.

(7) POSITION TRANSFER; EMPLOYEE STATUS. The incumbent employee holding the position specified in SECTION 9159 (8) is transferred on July 1, 2003, to the department of administration and has all the rights and the same status under subchapter V of chapter 111 and chapter 230 of the statutes in the department of administration that he or she enjoyed in the department of workforce development immediately before the transfer. Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who has attained permanent status in class is required to serve a probationary period.

Vetoed  
In Part

(8c) TRANSFER OF WASTE FACILITY SITING BOARD.

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the department of administration primarily related to the functions of the waste facility siting board, as determined by the secretary of administration, shall become the assets and liabilities of the department of natural resources.

(b) *Tangible personal property.* On the effective date of this paragraph, all tangible personal property of the department of administration that is primarily related to the functions of the waste facility siting board, as determined by the secretary of administration, is transferred to the department of natural resources.

(c) *Contracts.* All contracts entered into by the department of administration in effect on the effective date of this paragraph that are primarily related to the functions of the waste facility siting board, as determined by the secretary of administration, remain in effect and are transferred to the department of natural resources. The department of natural resources shall carry out any obligations under such a contract until the contract is modified or rescinded by the department of natural resources to the extent allowed under the contract.

(8f) EMPLOYER CONTRIBUTIONS FOR HEALTH INSURANCE PREMIUMS FOR STATE EMPLOYEES.

(a) The definitions in section 20.001 of the statutes are applicable in this subsection.

(b) The secretary of administration shall determine for each state agency the amount that the agency would have been required to expend under section 40.05 (4) (ag) 1., 2001 stats., during the period that begins on January 1, 2004, and ends on June 30, 2005, and from each appropriation from which the moneys would have been expended, other than appropriations of federal revenues.

(c) From each sum certain appropriation of general purpose revenue identified in paragraph (b), the secretary of administration shall lapse to the general fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary makes the lapse, each of the sum certain appropriations is decreased by the amount specified in paragraph (b) for that appropriation.

(d) For each sum sufficient appropriation of general purpose revenue identified in paragraph (b), the expenditure estimate for the appropriation during the 2003-05 fiscal biennium is reestimated to subtract the amount specified in paragraph (b) for that appropriation.

(e) From each appropriation of program revenues or program revenues-service identified in paragraph (b), the secretary of administration shall lapse to the general fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary makes the lapse, each of the sum certain program revenues or program revenues-service appropriations is decreased by the amount specified in paragraph (b) for that appropriation.

(f) From each appropriation of segregated fund revenues or segregated fund revenues — service identified in paragraph (b), the secretary of administration shall lapse to the underlying fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary makes the lapse, each of the sum certain segregated revenues or segregated revenues — service appropriations is decreased by the amount specified in paragraph (b) for that appropriation and the expenditure estimate for each of the appropriations that are not sum certain appropriations is reestimated to subtract the amount specified in paragraph (b) for that appropriation. The secretary shall then transfer the lapsed amounts and an amount equal to the amount subtracted from the estimates to the general fund.

(9) STATE AGENCY PAYMENTS RELATING TO UNFUNDED LIABILITIES UNDER THE WISCONSIN RETIREMENT SYSTEM

(a) The definitions in section 20.001 of the statutes are applicable in this subsection, except that "state agency" does not include the department of employee trust funds or the investment board.

(b) If obligations are issued under section 16.526 or 16.527 of the statutes, as created by this act, or both, during the 2003-05 fiscal biennium, the secretary of administration shall determine for each state agency the amount that the agency would have been required to expend

2005-07 under sections 40.05 (2) (b) and 40.05 (4) (b), (bc), and (bw) and subchapter IX of chapter 40 of the statutes during the 2003-05 fiscal biennium had the obligations not been issued, and from each appropriation from which the moneys would have been expended.

(c) From each sum certain appropriation of general purpose revenue identified in paragraph (b), the secretary of administration shall lapse to the general fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary of administration shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary of administration makes the lapse, each of the sum certain appropriations is decreased by the amount specified in paragraph (b) for that appropriation.

(d) For each sum sufficient appropriation of general purpose revenue identified in paragraph (b), the expenditure estimate for the appropriation during the 2003-05 fiscal biennium is reestimated to subtract the amount specified in paragraph (b) for that appropriation.

~~(e) 1. Except as provided in subdivision 2., from each appropriation of program revenues or program revenues-service identified in paragraph (b), the secretary of administration shall lapse to the general fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary of administration shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary of administration makes the lapse, each of the sum certain program revenues or program revenues-service appropriations is decreased by the amount specified in paragraph (b) for that appropriation.~~

2. From each appropriation of federal revenues, the secretary of administration shall determine the amount that is lapsed to the general fund.

~~(f) 1. Except as provided in subdivision 2., from each appropriation of segregated fund revenues or segregated fund revenues - service identified in paragraph (b), the secretary of administration shall lapse to the underlying fund the amount specified in paragraph (b) that would otherwise have been expended from each of the appropriations. The secretary of administration shall make the lapse on the day on which the state agency would have been required to make the expenditure. After the secretary of administration makes the lapse, each of the sum certain segregated revenues or segregated revenues - service appropriations is decreased by the amount specified in paragraph (b) for that appropriation, and the expenditure estimate for each of the appropriations that are not sum certain appropriations is reestimated to subtract the amount specified in paragraph (b) for that appropriation. The secretary of administration shall then transfer the lapsed amounts and an amount equal to the amount subtracted from the estimates to the general fund.~~

2. From each appropriation of segregated federal revenues, the secretary of administration shall determine the amount that is transferred to the general fund.

(9q) APPROPRIATION ACCOUNT LAPSES AND FUND TRANSFERS RESULTING FROM WISCONSIN RETIREMENT SYSTEM CONTRIBUTIONS SAVINGS

(a) *Definitions.* The definitions in section 20.001 of the statutes are applicable in this subsection, except that "state agency" does not include the department of employee trust funds or the investment board.

(b) *Determination of credit amounts.* If obligations are issued under section 16.526 or 16.527 of the statutes, as created by this act, on both, during the 2003-04 fiscal year, the secretary of administration shall determine for each state agency any amount credited by the department of employee trust funds to the state agency's appropriations from program revenues, program revenues-service, segregated fund revenues, and segregated fund revenues - service during the 2003-04 fiscal year, other than amounts described in SECTION 9101 (9) (b) of this act, that represents an overpayment of a liability due to the issuance of the obligations.

(c) *Lapses and transfers.*

1. During the 2003-04 fiscal year, the secretary of administration shall lapse from each state agency's appropriations from program revenues and program revenues-service to the general fund the amounts calculated by the secretary under paragraph (b) for those appropriations.

2. During the 2003-04 fiscal year, the secretary of administration shall lapse from each state agency's appropriations from segregated fund revenues and segregated fund revenues - service to the appropriate segregated fund the amount calculated by the secretary under paragraph (b) for those appropriations. After making this lapse, the secretary shall transfer from the appropriate segregated fund to the general fund an amount equal to the lapse.

(9x) ATTORNEY POSITIONS

(a) In this subsection, "state agency" means an office, commission, department, independent agency, or board in the executive branch of state government, excluding the Board of Regents of the University of Wisconsin System, the department of employee trust funds, and the state of Wisconsin investment board.

(b) On January 2, 2004, all attorney positions in all state agencies that are vacant on that date are eliminated. If fewer than 31.0 FTE attorney positions in all state agencies are vacant on January 2, 2004, there are eliminated the requisite number of FTE attorney positions, as identified by the secretary of administration, so that a total of 31.0 FTE attorney positions are eliminated.

(c) 1. On January 2, 2004, the secretary of administration shall lapse to the general fund from the appropriate appropriation account of any state agency in which a

Vetoed  
In Part

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In Part





*P-note*  
**State of Wisconsin**  
**2005 - 2006 LEGISLATURE**

LRB-1837/1

RAC:f:....

*cjs*

*SAJ*

*Tedar*

DOA:.....Hoadley - Lapses and fund transfers relating to WRS unfunded retirement liability debt service

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

*DO NOT* *Gen*

1

**AN ACT** ...; relating to: the budget.

*had been*

**Analysis by the Legislative Reference Bureau**

**STATE GOVERNMENT**

**STATE FINANCE**

*State of Wisconsin*

*each*

In the last fiscal biennium, obligations were issued by the state to pay the state's unfunded liabilities under the Wisconsin Retirement System (WRS). These liabilities had been incurred as a result of unfunded benefit improvements under the WRS and their cost ~~was~~ allocated to each state agency as part of its required WRS contributions. This bill requires the secretary of administration during the 2005-07 fiscal biennium to lapse or transfer to the general fund from appropriations to each state agency, other than DETF and the Investment Board, moneys that would otherwise have been expended by the state agency to pay the WRS unfunded liabilities had the obligations not been issued. In addition, the bill requires the secretary in future fiscal bienniums to lapse or transfer these moneys to the general fund based on each state agency's proportionate share of all state retirement contributions that are required to be paid in that fiscal biennium.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

1           SECTION 1. 16.529 of the statutes is repealed and recreated to read:

2           **16.529 Lapses and fund transfers relating to unfunded retirement**  
3 **liability debt service.** (1) The definitions in s. 20.001 are applicable in this section,  
4 except that <sup>fix quotation mark</sup> "state agency" does not include the department of employee trust funds  
5 or the investment board.

6           (2) Beginning in the 2007-09 fiscal biennium, during each fiscal biennium the  
7 secretary shall lapse to the general fund or transfer to the general fund from <sup>each</sup> state  
8 agency appropriations <sup>fe</sup> specified in sub. (3) <sup>an</sup> amount equal to that portion of the  
9 total amount of principal and interest to be paid on obligations issued under s. 16.527  
10 during the fiscal biennium that is allocable to the appropriation, as determined  
11 under sub. (3).<sup>v</sup>

12           (3) The secretary shall determine the amount <sup>s</sup> of the allocations required under  
13 sub. (2) as follows:

14           (a) The secretary shall first determine the total amount of Wisconsin  
15 retirement system contributions that are to be paid by the state under s. 40.05 <sup>v</sup> during  
16 the fiscal biennium.

17           (b) The secretary shall then determine the percentage of the total amount  
18 determined under par. (a) <sup>v</sup> that is allocable to each state agency appropriation from  
19 which Wisconsin retirement system contributions under s. 40.05 <sup>v</sup> are paid.

20           (c) For each appropriation identified under par. (b), the secretary shall then  
21 apply the percentage calculated under par. (b) <sup>v</sup> to the total amount of principal and  
22 interest to be paid during the ~~succeeding~~ <sup>succeeding</sup> fiscal biennium on obligations issued under  
23 s. 16.527. This amount is the portion of the total amount of principal and interest  
24 paid on the obligations during that fiscal biennium that is allocable to each  
25 appropriation.

**SECTION 9155. Nonstatutory provisions; other.**

(1) STATE AGENCY PAYMENTS RELATING TO UNFUNDED LIABILITIES UNDER THE WISCONSIN RETIREMENT SYSTEM. *7 - fix quotation mark*

(a) The definitions in section 20.001 of the statutes are applicable in this subsection, except that "state agency" does not include the department of employee trust funds or the investment board.

(b) The secretary of administration shall determine for each state agency the amount that the state agency would have been required to expend under section 40.05 (2) (b) and (4) (b), (bc), and (bw) and subchapter IX of chapter 40 of the statutes during the 2005–07 fiscal biennium had the obligations under section 16.527 of the statutes not been issued, and from each appropriation from which the moneys would have been expended.

(c) From each appropriation identified in paragraph (b), the secretary shall lapse to the general fund or transfer to the general fund the amount specified in paragraph (b) that would otherwise have been expended from the appropriation.

**(END)**

use `auto ref "X"`

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1837/1dn

RAC:.....  
gs

✓  
I assume that the nonstatutory provision applies to the 2005-07 fiscal biennium and that the s. 16.529 provision applies to future fiscal biennia. ✓

Rick A. Champagne  
Senior Legislative Attorney  
Phone: (608) 266-9930  
E-mail: rick.champagne@legis.state.wi.us



*D-Not*  
State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-183742

RAC:cjs:ch  
*5:40*

*RMK*

*Now*

DOA:.....Hoadley - Lapses and fund transfers relating to WRS unfunded retirement liability debt service

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

*Don't gen*

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

In the last fiscal biennium, obligations were issued by the state to pay the state's unfunded liabilities under the Wisconsin Retirement System (WRS). These liabilities had been incurred as a result of unfunded benefit improvements under the WRS and their cost had been allocated to each state agency as part of its required WRS contributions. This bill requires the secretary of administration during the 2005-07 fiscal biennium to lapse or transfer to the general fund from appropriations to each state agency, other than DETF and the State of Wisconsin Investment Board, moneys that would otherwise have been expended by the state agency to pay the WRS unfunded liabilities had the obligations not been issued. In addition, the bill requires the secretary in each future fiscal biennium to lapse or transfer these moneys to the general fund based on each state agency's proportionate share of all state retirement contributions that are required to be paid in that fiscal biennium.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1        **SECTION 1.** 16.529 of the statutes is repealed and recreated to read:

2        **16.529 Lapses and fund transfers relating to unfunded retirement**  
3        **liability debt service.** (1) The definitions in s. 20.001 are applicable in this section,  
4        except that "state agency" does not include the department of employee trust funds  
5        or the investment board.

6        (2) Beginning in the 2007-09 fiscal biennium, during each fiscal biennium the  
7        secretary shall lapse to the general fund or transfer to the general fund from each  
8        state agency appropriation specified in sub. (3) an amount equal to that portion of  
9        the total amount of principal and interest to be paid on obligations issued under s.  
10       16.527 during the fiscal biennium that is allocable to the appropriation, as  
11       determined under sub. (3).

12       (3) The secretary shall determine the amounts of the allocations required  
13       under sub. (2) as follows:

14       (a) The secretary shall first determine the total amount of Wisconsin  
15       retirement system contributions that are to be paid by the state under s. 40.05 during  
16       the fiscal biennium.

17       (b) The secretary shall then determine the percentage of the total amount  
18       determined under par. (a) that is allocable to each state agency appropriation from  
19       which Wisconsin retirement system contributions under s. 40.05 are paid. ↗

20       (c) For each appropriation identified under par. (b), the secretary shall then  
21       apply the percentage calculated under par. (b) to the total amount of principal and  
22       interest to be paid during the fiscal biennium on obligations issued under s. 16.527.  
23       This amount is the portion of the total amount of principal and interest paid on the  
24       obligations during that fiscal biennium that is allocable to each appropriation.

25       **SECTION 9155. Nonstatutory provisions; other.**

1 (1) STATE AGENCY PAYMENTS RELATING TO UNFUNDED LIABILITIES UNDER THE  
2 WISCONSIN RETIREMENT SYSTEM.

3 (a) The definitions in section 20.001 of the statutes are applicable in this  
4 subsection, except that "state agency" does not include the department of employee  
5 trust funds or the investment board.

6 (b) The secretary of administration shall determine for each state agency the  
7 amount that the state agency would have been required to expend under section  
8 40.05 (2) (b) and (4) (b), (bc), and (bw) and subchapter IX of chapter 40 of the statutes  
9 during the 2005-07 fiscal biennium had the obligations under section 16.527 of the  
10 statutes not been issued, and each appropriation from which the moneys would have  
11 been expended. ↑

12 (c) From each appropriation identified in paragraph (b), the secretary shall  
13 lapse to the general fund or transfer to the general fund the amount specified in  
14 paragraph (b) that would otherwise have been expended from the appropriation.

15 (END)

2-Not  
↓

Insert 3-11

**2005-2006 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1837/2ins  
RAC::

**Insert 2-19:**

<sup>NO</sup>~~Φ~~ The secretary shall exclude from this determination <sup>✓</sup>any appropriation from which a lapse or transfer to pay any principal or interest amount on obligations issued under s. 16.527 <sup>✓</sup>would violate a condition imposed by the federal government on the expenditure of the moneys <sup>✓</sup>or if the lapse or transfer would violate the federal or state constitution.

**Insert 3-11:**

<sup>NO</sup>~~Φ~~ The secretary shall exclude from this determination any appropriation from which a lapse or transfer to pay any principal or interest amount on obligations issued under section 16.527 of the statutes <sup>✓</sup>would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1837/2dn

RAC::

^  
JLd

Frank Hoadley:

I added in a provision that would exclude from the calculation any appropriation from which a lapse or transfer to pay any principal or interest amount on obligations issued under s. 16.527 would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.

Also, just to make sure that everyone fully understands the effects of the language submitted for me to include in this draft, the lapsing and transfer provisions in the draft will not affect the legal expenditure authority under any program revenue appropriation or sum sufficient appropriation.

→  
D-Note  
Insert ✓

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

~~LRB-1837/1dn~~  
~~RAC:cjs:ch~~

January 23, 2005

D-note Insert to "1/2" ↓

I assume that the nonstatutory provision applies to the 2005-07 fiscal biennium and that the s. 16.529 provision applies to future fiscal biennia.

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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1837/2dn  
RAC:jld:ch

January 24, 2005

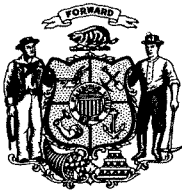
Frank Hoadley:

I added in a provision that would exclude from the calculation any appropriation from which a lapse or transfer to pay any principal or interest amount on obligations issued under s. 16.527 would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.

Also, just to make sure that everyone fully understands the effects of the language submitted for me to include in this draft, the lapsing and transfer provisions in the draft will not affect the legal expenditure authority under any program revenue appropriation or sum sufficient appropriation.

I assume that the nonstatutory provision applies to the 2005-07 fiscal biennium and that the s. 16.529 provision applies to future fiscal biennia.

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State of Wisconsin  
2005 – 2006 LEGISLATURE

LRB-1837/2  
RAC:cjs&jld:ch

DOA:.....Hoadley – Lapses and fund transfers relating to WRS unfunded retirement liability debt service

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

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*Analysis by the Legislative Reference Bureau*

STATE GOVERNMENT

STATE FINANCE

In the last fiscal biennium, obligations were issued by the state to pay the state's unfunded liabilities under the Wisconsin Retirement System (WRS). These liabilities had been incurred as a result of unfunded benefit improvements under the WRS and their cost had been allocated to each state agency as part of its required WRS contributions. This bill requires the secretary of administration during the 2005-07 fiscal biennium to lapse or transfer to the general fund from appropriations to each state agency, other than DETF and the State of Wisconsin Investment Board, moneys that would otherwise have been expended by the state agency to pay the WRS unfunded liabilities had the obligations not been issued. In addition, the bill requires the secretary in each future fiscal biennium to lapse or transfer these moneys to the general fund based on each state agency's proportionate share of all state retirement contributions that are required to be paid in that fiscal biennium.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 16.529 of the statutes is repealed and recreated to read:

2           **16.529 Lapses and fund transfers relating to unfunded retirement**  
3           **liability debt service.** (1) The definitions in s. 20.001 are applicable in this section,  
4           except that “state agency” does not include the department of employee trust funds  
5           or the investment board.

6           (2) Beginning in the 2007–09 fiscal biennium, during each fiscal biennium the  
7           secretary shall lapse to the general fund or transfer to the general fund from each  
8           state agency appropriation specified in sub. (3) an amount equal to that portion of  
9           the total amount of principal and interest to be paid on obligations issued under s.  
10          16.527 during the fiscal biennium that is allocable to the appropriation, as  
11          determined under sub. (3).

12          (3) The secretary shall determine the amounts of the allocations required  
13          under sub. (2) as follows:

14          (a) The secretary shall first determine the total amount of Wisconsin  
15          retirement system contributions that are to be paid by the state under s. 40.05 during  
16          the fiscal biennium.

17          (b) The secretary shall then determine the percentage of the total amount  
18          determined under par. (a) that is allocable to each state agency appropriation from  
19          which Wisconsin retirement system contributions under s. 40.05 are paid. The  
20          secretary shall exclude from this determination any appropriation from which a  
21          lapse or transfer to pay any principal or interest amount on obligations issued under  
22          s. 16.527 would violate a condition imposed by the federal government on the  
23          expenditure of the moneys or if the lapse or transfer would violate the federal or state  
24          constitution.

(c) For each appropriation identified under par. (b), the secretary shall then apply the percentage calculated under par. (b) to the total amount of principal and interest to be paid during the fiscal biennium on obligations issued under s. 16.527. This amount is the portion of the total amount of principal and interest paid on the obligations during that fiscal biennium that is allocable to each appropriation.

**SECTION 9155. Nonstatutory provisions; other.**

(1) STATE AGENCY PAYMENTS RELATING TO UNFUNDED LIABILITIES UNDER THE WISCONSIN RETIREMENT SYSTEM.

(a) The definitions in section 20.001 of the statutes are applicable in this subsection, except that “state agency” does not include the department of employee trust funds or the investment board.

(b) The secretary of administration shall determine for each state agency the amount that the state agency would have been required to expend under section 40.05 (2) (b) and (4) (b), (bc), and (bw) and subchapter IX of chapter 40 of the statutes during the 2005–07 fiscal biennium had the obligations under section 16.527 of the statutes not been issued, and each appropriation from which the moneys would have been expended. The secretary shall exclude from this determination any appropriation from which a lapse or transfer to pay any principal or interest amount on obligations issued under section 16.527 of the statutes would violate a condition imposed by the federal government on the expenditure of the moneys or if the lapse or transfer would violate the federal or state constitution.

(c) From each appropriation identified in paragraph (b), the secretary shall lapse to the general fund or transfer to the general fund the amount specified in paragraph (b) that would otherwise have been expended from the appropriation.

**(END)**